



**Billing Code: 5001-06**

**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**[Transmittal No. 15-72]**

**36(b)(1) Arms Sales Notification**

**AGENCY:** Defense Security Cooperation Agency, DoD.

**ACTION:** Notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

**FOR FURTHER INFORMATION CONTACT:** Sarah A. Ragan or Heather N. Harwell, DSCA/LMO, (703) 604-1546/ (703) 607-5339.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 15-72 with attached Policy Justification and Sensitivity of Technology.

Dated: February 9, 2016.

**Aaron Siegel,**

*Alternate OSD Federal Register Liaison Officer,*

*Department of Defense.*



DEFENSE SECURITY COOPERATION AGENCY  
201 12TH STREET SOUTH, STE 203  
ARLINGTON, VA 22202-5408

The Honorable Paul D. Ryan  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

DEC 16 2015

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 15-72, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to the Taipei Economic and Cultural Representative Office in the United States for defense articles and services estimated to cost \$375 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

J. W. Rixey  
Vice Admiral, USN  
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Transmittal No. 15-72

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act, as amended

(i) Prospective Purchaser:

Taipei Economic and Cultural Representative Office in the United States (TECRO)

(ii) Total Estimated Value:

Major Defense Equipment*	\$300.0million
Other	<u>\$ 75.0 million</u>
TOTAL	\$ 375.0million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE) includes:

Thirty-Six (36) Assault Amphibious Vehicles (AAVs)

Weapons

- Thirty (30) .50 Caliber M2 machine guns
- Six (6) 7.62mm M240 machine guns

Non-MDE included with this request are: Enhanced Armored Applique Kits (EAAK); spares; training; support and test equipment; publications; contractor engineering technical services; engineering technical services; logistical, training, engineering and program support; and other technical assistance.

(iv) Military Department: NAVY (SEQ)

(v) Prior Related Cases, if any: FMS Case SDR-\$173 million-04 SEP 02

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: 16 December 2015

\*as defined in Section 47(6) of the Arms Export Control Act.

## POLICY JUSTIFICATION

### Taipei Economic and Cultural Representative Office in the United States (TECRO) - Assault Amphibious Vehicles (AAVs)

The Taipei Economic and Cultural Representative Office in the United States has requested a possible sale of the following:

#### Major Defense Equipment (MDE) includes:

Thirty-Six (36) Assault Amphibious Vehicles (AAVs)

#### Weapons

- Thirty (30) .50 Caliber M2 machine guns
- Six (6) 7.62mm M240 machine guns

Non-MDE included with this request are: Enhanced Armored Applique Kits (EAAK); spares; weapons; training; support and test equipment; publications; contractor engineering technical services; engineering technical services; logistical , training, engineering and program support; and other technical assistance. The estimated MDE cost is \$300 million. The total estimated cost is \$375 million.

This sale is consistent with United States law and policy as expressed in Public Law 96-8.

This proposed sale serves U.S. national, economic, and security interests by supporting the recipient's continuing efforts to modernize its armed forces and enhance its defensive capability. The proposed sale will help improve the security of the recipient and assist in maintaining political stability, military balance, and economic progress in the region.

The proposed sale will improve the recipient's capability in current and future defensive efforts. The recipient will use these vehicles to augment existing vehicles and will have no difficulty absorbing these new vehicles into its armed forces.

The proposed sale of this equipment and support will not significantly alter the basic military balance in the region.

The prime contractor supporting the refurbishment has not been selected. The purchaser normally requests industrial cooperation at forty percent, but at this time there are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale should not require the permanent assignment of additional U.S. Government or contractor representatives to the recipient.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 15-72

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act

Annex  
Item No. vii

(vii) Sensitivity of Technology:

1. The Amphibious Assault Vehicles (AAV) A1 Reliability Availability Maintainability (RAM) Rebuild to Standard (RS) Family of Vehicles (FOV) end items, trainers, and components are UNCLASSIFIED. The technical and operational elements of these systems, and any related data, are classified up to SECRET to protect vulnerabilities, design and performance parameters, and similar critical information.

2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar advanced capabilities.

3. All defense articles and services listed in this transmittal have been authorized for release and export to the recipient.

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